

Table 2  
**EXCESSIVE TAX CUT THREATENS MEDICARE AND SOCIAL SECURITY**  
 (Billions of dollars; CBO May assumptions)

<b>BUDGET RESOLUTION AND TAX BILL</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2002-11</b>
Baseline Unified Surplus	275	304	353	400	437	508	578	641	718	806	883	5629
Social Security	156	172	187	202	221	238	256	275	293	311	330	2487
Medicare Part A	28	38	41	43	42	45	43	42	40	36	28	397
<b>Available Surplus</b>	<b>92</b>	<b>95</b>	<b>125</b>	<b>155</b>	<b>173</b>	<b>225</b>	<b>279</b>	<b>324</b>	<b>385</b>	<b>459</b>	<b>525</b>	<b>2745</b>
Enacted Tax Cut	74	38	90	107	107	135	151	160	167	187	129	1272
Non-Reconciled Tax Cuts	0	3	3	2	2	3	1	1	1	1	1	20
Medicare Rx and Home Health	0	0	1	11	22	29	40	46	49	54	61	314
Other Health	0	7	13	14	6	7	6	6	6	6	6	77
Agriculture	6	7	8	8	8	7	7	6	6	7	7	74
Veterans	0	0	0	1	1	1	1	1	0	0	0	6
All Other (Budget Resolution)	4	8	3	-4	-2	-4	0	-0	-0	-0	-4	-3
Resulting Net Interest	2	6	11	19	27	38	50	65	81	99	117	514
"Contingency Reserve" 1/	6	25	-5	-4	1	11	21	39	73	104	206	472
<b>SUBSEQUENT ACTION</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2002-11</b>
Bush Defense Request 2/	0	10	14	17	19	21	23	24	26	28	33	214
Resulting Net Interest	0	0	1	2	3	4	5	7	9	11	13	55
Resulting "Contingency Reserve"	6	15	-19	-22	-21	-14	-7	8	38	66	160	203
Spending of Medicare Surplus	0	0	-19	-22	-21	-14	-7	0	0	0	0	-84
<b>LIKELY FURTHER ACTION</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2002-11</b>
Average Historical Emergencies 3/	N.A.	2	4	5	6	6	6	6	6	7	7	55
Tax Extenders and Sunsets 4/	0	1	4	6	10	15	20	23	25	29	126	260
Full Expected Defense Buildup 5/	0	0	7	9	13	17	25	27	28	27	27	181
Resulting Net Interest	0	0	1	1	3	5	8	11	15	19	26	88
Resulting "Contingency Reserve"	6	11	-35	-44	-53	-58	-65	-59	-36	-17	-25	-380
Spending of Medicare Surplus	0	0	-35	-43	-42	-45	-43	-42	-36	-17	-25	-326
Spending of Social Security Surplus	0	0	0	-1	-11	-13	-22	-17	0	0	0	-65
<b>HBC ESTIMATED AUGUST UPDATE</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2002-11</b>
On-Budget Change - Economics 6/	1	5	9	12	16	21	26	28	31	33	36	217
On-Budget Change - Technicals 7/	20	20	0	0	0	0	0	0	0	0	0	20
Resulting "Contingency Reserve"	-15	-14	-44	-56	-69	-79	-91	-87	-66	-50	-61	-617
Spending of Medicare Surplus	-15	-14	-41	-43	-42	-45	-43	-42	-40	-36	-28	-373
Spending of Social Security Surplus	0	0	-3	-14	-27	-34	-48	-45	-26	-13	-33	-244

- 1/ Also equal to the non-Social Security, non-Medicare surplus.
- 2/ Defense increase of \$18.4 billion in budget authority for 2002 over Bush April 2001 defense plan, increased for inflation through 2011.
- 3/ Outlays resulting from House Republican estimate of historical average of \$5.6 billion per year of emergencies beginning in 2002, adjusted for inflation thereafter.
- 4/ From JCT response to Ways & Means Ranking Democratic Member Rangel, JCT Document #01-1 144 R, June 14, 2001.
- 5/ Further \$200 billion budget authority defense increase for 2003 through 2007 over Bush April 2001 defense plan, increased for inflation through 2011.
- 6/ One-time, one-half percent drop in real growth in CY 2001; one-time, one-quarter percent drop in real growth in CY 2002; one percent reduction in interest rates.
- 7/ Lower bound of private-sector and White House estimates.

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